

Information for Guaranty Agencies on Erroneous Data Appeals

This section is divided into two parts. The first part (pages 361 through 371) outlines the process and procedures for responding to erroneous data allegations from a school. The second part (pages 372 through 376) provides an example of a situation that would result in a response to erroneous data allegations submitted by a school and sample material as it would pertain to an erroneous data response.

To understand how a guaranty agency should respond to erroneous data allegations, the U.S. Department of Education (Department) recommends that the reader review both parts of this section. In addition, to understand the basis for an erroneous data appeal and a school's responsibilities in the erroneous data appeal process, the Department recommends the reader review the "Erroneous Data Appeal" section beginning on page 141.

PART I: Background, Process, and Procedures

What are the time frames and procedures for responding to erroneous data allegations?

Step 1: Within **15 working days** of receiving the school's erroneous data allegations, a guaranty agency should review this Guide to determine if the school timely submitted the allegations to the guaranty agency for review and if the school is eligible to submit an erroneous data appeal.

Q. Who is responsible for responding to requests for information on loans currently held by the Department?

A. The Department's **Default Management Division** will respond to a school's requests for information regarding **FFEL Program loans currently held by the Department**.

The Department's **Direct Loan servicer** will respond to a school's requests for information regarding **Direct Loan Program loans**.



Time frames may overlap. Read ALL steps.

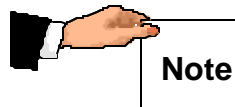
The eligibility and time frame requirements associated with a school's erroneous data request are outlined in the "Erroneous Data Appeal" section on pages 143 and 160, respectively.

Step 2: **Within the time frame described in Step 1** (i.e., within 15 working days of receiving the school's erroneous data allegations), a guaranty agency should notify the school and the Department if the school's erroneous data allegations are untimely or ineligible.

The following are some reasons why a school's erroneous data allegations would be considered untimely or ineligible and the actions that the guaranty agency should take.

••

If the school did not send its erroneous data allegations within **10 working days** of the school receiving its official cohort default rate notification letter, the guaranty agency should NOT review any of the school's erroneous data allegations. In its response to the school, the guaranty agency should explain that it is unable to review the allegations because the school missed the regulatory deadline.¹



If the school's submission due date falls on a weekend or a federal holiday, a school may send its erroneous data allegations to the guaranty agency no later than the next federal business day.

The Department mails official cohort default rates at an announced time and tracks schools' receipt of the cohort default rates and the loan record detail report. Before denying a school's erroneous data allegations on the basis of a late submission, a guaranty agency should contact the Department to verify the actual date the school received its official cohort default rate.

¹ 34 CFR Section 668.17(c)(8)(i) and 668.17(i)

- If a school that is **NOT subject to cohort default rate sanctions** submits erroneous data allegations, the guaranty agency should NOT review any of the school's erroneous data allegations. In its response to the school, the guaranty agency should explain that it is unable to review the allegations because the school is not subject to any sanctions due to its official cohort default rate.²
- If a school that is subject to **limitation, suspension, and/or termination (LS&T)** of all Title IV Student Financial Assistance Programs AND/OR **extended loss** of FFEL Program, Direct Loan Program, and/or Federal Pell Grant Program eligibility submits erroneous data allegations based on more than just the school's most recent cohort default rate, the guaranty agency should **ONLY** review and provide a response to those allegations associated with the most recent cohort default rate [in this case fiscal year (FY) 1998]. In its response to the school, the guaranty agency should explain that it can only review the allegations associated with its most recent cohort default rate because the school is not eligible to appeal any other cohort default rates.

Please refer to the "Cohort Default Rate Effects" section for more information on cohort default rate sanctions.

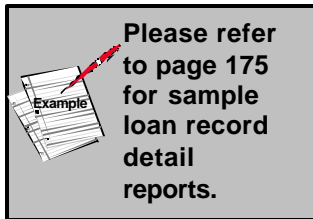
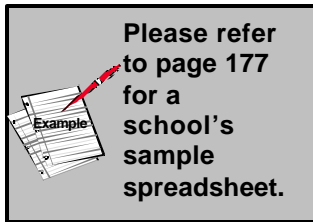
Step 3: Within the time frame described in Step 1 (i.e., within 15 working days of receiving the school's timely and eligible erroneous data allegations), a guaranty agency should review each allegation submitted by the school.

In reviewing each allegation, a guaranty agency should:

Q. How can a guaranty agency find out which sanction(s) a school is subject to?

A. When the Department releases the official cohort default rates, it will send each guaranty agency a press package, which contains a listing of those schools that are subject to sanctions as a result of the official cohort default rates. The press package can also be obtained by visiting the Department's website at <http://www.ifap.ed.gov>.

² 34 CFR Section 668.17(c)(1)



••

Determine if all relevant material a school must submit with its erroneous data allegations is present including, but not limited to:

- ❖ a **spreadsheet** identifying the loans that the school is requesting the guaranty agency review;
- ❖ a copy of **relevant pages of the draft and official loan record detail report(s)**.

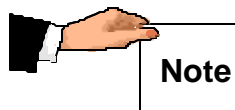
The relevant pages of the loan record detail report include those pages where the loan appears or should appear. If the loan appears (or should appear) at the top or bottom of a page, the school should include the preceding or succeeding page to demonstrate that the loan is not on the previous or subsequent page. If the allegation is based on new data, the school should submit a copy of the relevant pages of **both** the draft and official loan record detail reports demonstrating that the data has changed between the calculation of the draft and official cohort default rates.

- ❖ relevant **supporting documentation** including, but not limited to:
 - a signed and dated copy of a **letter to the relevant lender or guaranty agency and/or servicer** that informs the entity of the borrower's last date of attendance with proof that the documentation was timely sent to the relevant lender and/or guaranty agency;

- a screen print from the **SSCR function within NSLDS** that confirms the borrower's last date of attendance was timely recorded within NSLDS;
- a dated copy of a **Student Status Confirmation Report (SSCR)** sent to the relevant guaranty agency that confirms the borrower's last date of attendance and proof that the documentation was timely sent to the guaranty agency;

AND/OR

- a copy of a **cancelled check**, front and back, or other documentation showing that the borrower's loan was cancelled in-full within 120 days of disbursement by the lender.



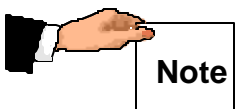
If a school fails to provide the guaranty agency with all the necessary information, the guaranty agency may ask the school to submit the missing information. However, the school must submit the additional information to the guaranty agency within the 10 working day deadline for submitting erroneous data allegations.

••

Research each allegation to determine if documentation maintained by the guaranty agency supports or refutes the school's allegation.

••

Make a determination on each allegation listed on the school's spreadsheet.



If a borrower has multiple loans guaranteed and currently held by the guaranty agency, the guaranty agency must address all of the borrower's loans associated with the school in question.

- ❖ **Agree** with the school if the allegation is based on new data and/or disputed data and –
 - the documentation maintained by the guaranty agency supports the school's claim;

OR

 - the documentation submitted by the school demonstrates that the correct borrower information was timely submitted to the relevant lender/guaranty agency/servicer but the lender/guaranty agency/servicer failed to make the appropriate changes.
- ❖ **Disagree** with the school if:
 - the allegation is not based on new data or disputed data;

Please refer to page 142 of the “Erroneous Data Appeal” section for a definition of new data and disputed data.

OR
 - the documentation maintained by the guaranty agency refutes the school's claim and the school has not provided any supporting documentation that the school timely submitted the correct borrower information to the relevant lender/guaranty agency.

Step 4: **Within the time frame described in Step 1** (i.e., within 15 working days of receiving the school's timely and eligible erroneous data allegations), a guaranty agency should:

- **compile a list** of the guaranty agency's responses to the school's erroneous data allegations;

A guaranty agency should refer to the Sample Erroneous Data Response SPREADSHEET and SPREADSHEET INSTRUCTIONS on pages 375 and 374, respectively, for assistance in developing the list.

- **provide comments** on why the guaranty agency agrees or disagrees with each of the school's allegations;

AND

- if the guaranty agency disagrees with the school's allegation, **provide supporting documentation** to demonstrate the agency's position.

Step 5: Within the time frame described in Step 1 (i.e., within 15 working days of receiving the school's timely and eligible erroneous data allegations), a guaranty agency **should send the following to the school:**

- a letter indicating that the agency has reviewed the school's erroneous data allegations;

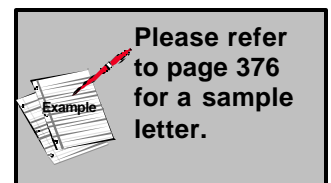
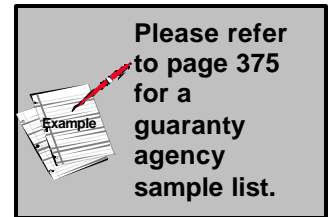
A guaranty agency should refer to the Sample Erroneous Data Response LETTER on page 376 to assist in developing the letter;

- the spreadsheet described in Step 4;

AND

- copies of supporting documentation for each allegation for which it DISAGREES.

Please refer to page 369 for an overview of the MATERIAL that should be included in a guaranty agency's response to erroneous data allegations.

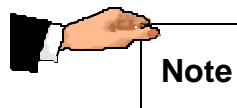


Step 6: Within the time frame described in Step 1 (i.e. within **15 working days** of receiving the school's timely and eligible erroneous data allegations) a guaranty agency should send the following to the Department:

- a copy of the letter sent to the school;
- a copy of the spreadsheet sent to the school;
- AND
- a copy of the supporting documentation sent to school.


Step 7: **Respond to any subsequent inquiries** from a school within **5 working days** of the receipt of the school's timely submitted inquiry and send a copy of the response letter to the Department.

If a guaranty agency does not agree with the school's subsequent inquiry, the agency should indicate that its previous response was its final response and any subsequent inquiries by the school should be directed to the Department's Default Management Division.



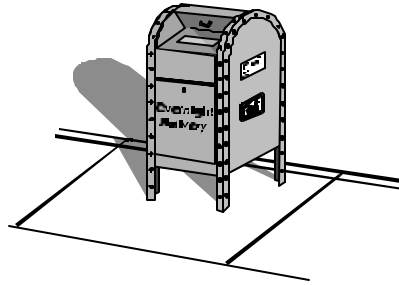
Schools must submit subsequent inquiries within **5 working days** of receiving the agency's response to its initial inquiry.

Within the time frame described in Step 5 on page 367, the following MATERIAL should be sent to the school.

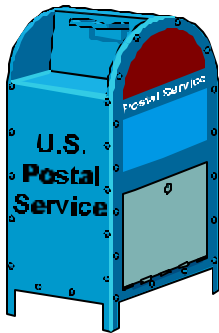
<p>The section behind Component 1 contains:</p> <p>A LETTER on the guaranty agency's official letterhead with—</p> <ul style="list-style-type: none"> •• the school's OPE ID number; •• the school's name; •• a statement indicating that the guaranty agency is responding to the school's erroneous data allegations; •• the fiscal year to which the response applies; •• the signature of the guaranty agency official, followed by a signature block providing the signer's name and job title. <p>AND</p> <ul style="list-style-type: none"> •• an indication that a copy of the entire package was sent to the Department. <p>Guaranty agencies should use the Sample Erroneous Data Response LETTER on page 376.</p>	<p>Component 1</p>
<p>The section behind Component 2 contains:</p> <p>A list, in spreadsheet format, of the guaranty agency's responses to the school's alleged errors.</p> <p>Guaranty agencies should use the Sample Erroneous Data Response SPREADSHEET and SPREADSHEET INSTRUCTIONS on pages 375 and 374, respectively. A guaranty agency must provide data on each of the elements listed on the sample spreadsheet.</p> <div data-bbox="302 1562 459 1633">  <p>Note</p> </div> <p>If a borrower has multiple loans guaranteed by the agency, the guaranty agency must address <u>all</u> of the borrower's loans associated with the school in question.</p>	<p>Component 2</p>
<p>The section behind Component 3 contains:</p> <p>Copies of supporting documentation for each allegation with which the guaranty agency DISAGREED.</p>	<p>Component 3</p>

If sent by commercial overnight mail/courier delivery, send the Department's copy of the erroneous data response to:

U.S. Department of Education
Default Management Division
ATTN: Guaranty Agency Response
Portals Building, Room 6300
1250 Maryland Avenue, SW
Washington, DC 20024



If sent by U.S. Postal Service, send the Department's copy of the erroneous data response to:



U.S. Department of Education
Default Management Division
ATTN: Guaranty Agency Response
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353

PART II: Examples and Sample Material

Part II of this section outlines a situation that would require a guaranty agency to respond to a school's erroneous data allegations. This part also provides sample material that should be referenced by a guaranty agency when responding to a school's erroneous data allegations.

CONTENT REFERENCE FOR PART II

EXAMPLE of a situation that would result in a response to
Erroneous Data Allegations373

Erroneous Data Response SPREADSHEET INSTRUCTIONS....374

Sample Erroneous Data Response SPREADSHEET.....375

Sample Erroneous Data Response LETTER.....376

EXAMPLE of a situation that would result in a response to Erroneous Data Allegations

State Guaranty Agency received Electrical Institute's erroneous data allegations on October 6, 2000.

Within 15 working days of receiving the allegations, the guaranty agency:

••

determined whether the school's allegations were **timely** submitted (please refer to Step 4 on page 163 for information regarding the time frames for submitting allegations);

According to the Department, Electrical Institute received its official cohort default rate on September 29, 2000. According to the postmark on the service delivery package, the school's allegations were submitted to the agency on October 2, 2000. Because the allegations were submitted within 10 working days of the school's receipt of its official cohort default rate, the allegations were timely submitted.

••

determined whether the school was **eligible** to appeal (please refer to page 143 for information on which schools are eligible to submit erroneous data allegations);

According to the Department's web site that provides the official cohort default rates for schools, Electrical Institute is subject to initial loss of FFEL Program and Federal Pell Grant Program eligibility. Because the school is subject to sanctions, the school is eligible to submit an erroneous data appeal.

••

determined that **all** of the **relevant material** was submitted by the school;

Electrical Institute provided a spreadsheet that listed Tylor Matthews and Daniel Trader's loans and provided what the school believes is the correct data for each of the borrowers' loans. The school also provided a copy of the FY 1998 official loan record detail report demonstrating that Tylor was not used in the FY 1998 official cohort default rate calculation and a copy of the FY 1998 draft and official loan record detail reports demonstrating that the data associated with Daniel changed between the calculation of the draft and official cohort default rates. Finally, Electrical Institute provided documentation to demonstrate when Tylor left school and that Daniel died prior to defaulting on his loan.

••

made a **determination** for each allegation;

Electrical Institute believes that Tylor Matthews' loan should be added to the FY 1998 official cohort default rate calculation based on an August 12, 1998 date entered repayment. The agency **disagreed** with the Electrical Institute because the State Guaranty Agency's documentation indicates that Electrical Institute submitted a letter, dated February 4, 1999, which was after the date of the documentation provided by the school in its appeal, which indicated that Tylor did not leave school until December 7, 1998.

Electrical Institute believes that Daniel Trader's loan should be removed from the numerator of the FY 1998 official cohort default rate calculation because the borrower died on June 14, 1999, before the loan defaulted on September 11, 1999. The agency **agreed** with the Electrical Institute because the school sent acceptable supporting documentation and proof that the borrower's death certification was sent to the agency before the borrower defaulted.

••

prepared a SPREADSHEET that identified Tylor and Daniel's loans and provided what the agency believes is the correct information that should be associated with each loan (please refer to the Sample Erroneous Data Response SPREADSHEET on page 375);

••




made a copy of the agency's **SUPPORTING DOCUMENTATION** that demonstrated that Tylor's loan should not be included in the FY 1998 cohort default rate calculation;

••

prepared a **LETTER** for its erroneous data response to the school (please refer to the Sample Erroneous Data LETTER on page 376).

On October 16, 2000, State Guaranty Agency mailed its response to the allegations via overnight courier to Electrical Institute and sent a copy of the entire package to the Department's Default Management Division at the address found on page 371.

Erroneous Data Response SPREADSHEET INSTRUCTIONS

- Record all loans for which the school submitted erroneous data allegations using a spreadsheet software application such as Excel or Lotus 1-2-3. The resulting spreadsheet is sent to the school that submitted the allegations and to the Department.**
-  Fill out a separate spreadsheet for each school submitting erroneous data allegations.
- The spreadsheet should be on 8 1/2" x 11" paper in a landscape (horizontal) layout. A sample spreadsheet follows these instructions.
- Header:** Enter **FY [insert year(s)] Erroneous Data Response** in the center of the header area. In the left-hand area, enter the guaranty agency's name, school's name, school's OPE ID number, and number of borrowers and loans associated with the response.
- Footer:** Enter the date the spreadsheet was prepared in the left side of the footer area. Set up automatic pagination in the right side of the footer area so that the specific page number and the total number of pages show on each page, for example: page 1 of 10 pages.
- Sort:** The borrowers listed on the spreadsheet should be sorted by the borrower's Social Security number.
-  The guaranty agency should only respond to the borrowers listed on the school's spreadsheet.
- On Row 1, enter exactly the same column names in exactly the same order as listed on the sample spreadsheet. Ensure that column names appear at the top of each page.
- On Row 2 and below, include the following data for each loan for which the school submitted erroneous data allegations.
- Column 1:** Enter the borrower's Social Security number (SSN) using hyphens to separate the numbers (example: 000-88-0000).
-  If a borrower has multiple loans guaranteed by the agency, the guaranty agency must address all of the borrower's loans associated with the school in question.

Column 2: Enter the borrower's name.

Column 3: Enter Disputed (Disputed Data) or New (Incorrect New Data) to identify if errors are alleged on the basis of unresolved data from the draft data challenge process or new data.

Column 4: Enter the number and type of loan(s). Use the following codes to identify the type of loan.

Loan Type Codes	
Code	Description
D1	Direct Loan Subsidized Stafford Loan
D2	Direct Loan Unsubsidized Stafford Loan
SF	FFEL Subsidized Stafford Loan
SL	Supplemental Loans for Student Loan
SU	FFEL Unsubsidized Stafford Loan

Column 5: Enter MM/DD/CCYY (month, day, and year) of the earlier of the borrower's LDA (last date of attendance) or the LTH (less than half-time date).

Column 6: Enter MM/DD/CCYY or MM/CCYY to identify the DER (date the loan entered repayment).

Column 7: Enter MM/DD/CCYY or MM/CCYY to identify the CPD (claim paid date), DD (default date), or ICRD (income contingent repayment date). Enter N/A if the borrower did not default.

Column 8: Enter the fiscal year(s) to which the guaranty agency believes this information should be applied.

Column 9: Enter N (numerator), D (denominator), or B (both numerator and denominator), accompanied by a plus or minus sign (such as +D or -D) to show how the guaranty agency believes the information will affect its official CDR (cohort default rate) calculation.

Column 10: Enter **Agree** or **Disagree**. A comment must be made in this section to identify why the agency agreed or disagreed. Documentation must be provided to support the determination if the guaranty agency disagreed.

Sample Erroneous Data Response **SPREADSHEET**

State Guaranty Agency
Electrical Institute
OPE ID:# 000030
Number of borrowers: 2
Number of loans: 2

FY 1998 Erroneous Data Response

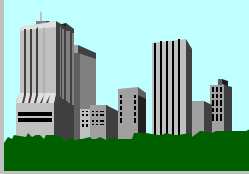
Note: This is a sample
spreadsheet. See instructions
on page 374.

1. Borrower's SSN	2. Borrower's Name	3. Basis of allegation of error (Disputed or new)	4. Number and type of loan(s) (Use codes on instructions)	5. Earlier of LDA or LTH (MM/DD/CCYY)	6. Date entered repayment (DER) (MM/DD/CCYY)	7. CPD, DD, ICRD, or N/A (MM/DD/CCYY or leave blank)	8. FY(s) appl.	9. Effect on CDR calc. (N, D, or B)	10. Comments
333-33-3333	Tylor Matthews	Disputed	1 SF	12/07/1998	06/08/1999	N/A	FY 1999	+D	Disagree. Our records indicate that the school submitted a letter dated 02/04/1999, after the SSCR in the appeal dated 01/05/1999, indicating that the borrower left school on 12/07/1998. Please see the enclosed documentation.
444-44-4444	Daniel Trader	New	1 SF	07/15/1997	01/16/1998	N/A	FY 1998	-N	Agree. Our records indicate that the school submitted a letter dated 7/12/1999 and a copy of Daniel's death certificate in a timely manner.

10/14/2000

Page 1 of 1

Sample Erroneous Data Response **LETTER**



State Guaranty Agency

1234 Trueman Road
Lusby, North Carolina 98765-4321
(111) 222-3333

Sample Letter

October 14, 2000

Stephanie Simms
President
Electrical Institute
1212 Wedgewood Lane
Leonardtown, Wisconsin 12345-6789

OPE ID#: 000030

Subject: FY 1998 Erroneous Data Response

Dear Ms. Simms:

This is State Guaranty Agency's response to Electrical Institute's, **OPE ID# 000030**, FY 1998 erroneous data allegations.

Please see the enclosed spreadsheet and supporting documentation.

Sincerely,

Bob Bowen

Bob Bowen, Compliance Officer
State Guaranty Agency

Enclosures

cc: U.S. Department of Education, Default Management Division